

Central Intelligence Agency



Washington, D.C. 20505

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23 March 1983

MEMORANDUM FOR: Mrs. Judy Rouse
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Department of State

FROM:

[redacted]
Chief, Strategic Narcotics Branch, International
Security Issues Division, Office of Global
Issues

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SUBJECT:

Thai Military Actions Against Narcotics
Traffickers [redacted]

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1. The attached memorandum, Thailand: Military Actions
Against Narcotics Traffickers, reviews Thai military actions
against the SUA and other narcotics traffickers along the
Thai-Burma border in 1982. [redacted]

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2. This memorandum was prepared by [redacted] Strategic
Narcotics Branch, International Security Issues Division, Office
of Global Issues and was coordinated with the Directorate of
Operations. [redacted]

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3. Comments and queries are welcome and may be addressed to
the Chief, Strategic Narcotics Branch, OGI [redacted]

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Attachment:

Thailand: Military Actions Against Narcotics
Trafficking, [redacted] GI M 83-10076, March 1983
[redacted]

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OGI/ISID/NAR, [REDACTED] (March 1983)

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Washington, D.C. 20505

~~DIRECTORATE OF INTELLIGENCE~~

~~23 March 1983~~

Thailand: Military Actions Against Narcotics Traffickers

Summary

Since January 1982, Thai military actions aimed at narcotics traffickers along the Thai-Burma border have done much to disrupt narcotics operations. The Thai actions against the narcotics trafficking activities of the Shan United Army (SUA) and other trafficking groups have inhibited the trafficking groups ability to operate freely in the border area but have not permanently affected the region's capability to supply large quantities of narcotics to regional and international markets. Despite Thai antinarcotics efforts, competing economic, political, and security demands coupled with the resiliency of narcotics traffickers keep prospects for controlling the narcotics trade in this area dim. [redacted]

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This memorandum was prepared by [redacted] International Security Issues Division, Office of Global Issues. This analysis is based on information available as of 15 March 1983. Comments and queries are welcome and may be addressed to the Chief, Strategic Narcotics Branch, OGI, [redacted]

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GI M 83-10076
March 1983

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Narcotics Trafficking along the Thai-Burma Border

The rugged area along the Thai-Burma border is the center of narcotics trafficking and heroin processing in Southeast Asia. Various ethnically based insurgent and warlord groups move raw opium from growing areas in northern Burma to clandestine heroin laboratories at the border where most of the heroin exported from the Golden Triangle is produced. The area is ideally suited to narcotics trafficking.

- Opium supplies are readily available. Hilltribe cultivators in Burma normally produce 500 to 600 tons of opium annually, and Thailand produces some 50 to 70 tons per year. Much of both crops is available for export.
- A good transportation system through Thailand facilitates the transport of chemical supplies from well established sources in Malaysia and easy access to both regional and international markets for processed narcotics.
- The rugged terrain along the border is difficult to police and often provides sanctuary for traffickers against government attacks.

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Both Burma and Thailand have for years ignored the border area and were in large part responsible for the establishment of the armies that subsequently turned to narcotics trafficking in the area. During the Sino-Japanese War and World War II many of these groups were mobilized into the Kuomintang (Nationalist Chinese) Army in northern Burma. After the war, some remained as KMT units fighting the Chinese Communists while others turned to smuggling narcotics. In 1967, confronted with a Chinese backed Burmese Communist Party insurgency, Rangoon deputized 50 of these warlord armies as mobile militias. Called Ka Kwei Yei (KKY), they were given patents by the central government to engage in smuggling in return for their commitment to fight the Burmese Communist insurgents. In the early 1970s, Rangoon outlawed the KKY. Some returned to the government fold while others moved deeply into narcotics trafficking, a thriving industry as the war expanded in Vietnam. The Chinese Irregular Forces (CIF) and the Shan United Army (SUA) emerged as the major trafficking groups, with operations centered in Thailand. In 1975 the Burma Army dealt a serious blow to the trafficking activities of the CIF. Subsequently the SUA emerged as the most important trafficking organization along the border, and by 1981, according to US Embassy sources, it controlled 70 percent of the narcotics processing and trafficking in the Golden Triangle. Operating out of the fortified village of Ban Hin Taek, Thailand, the SUA also had military bases in northern Chiang Rai Province--to protect its largest refining complex in the Lao Lo Chai area--and in Mae Hong Son Province.

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Thai Military Actions

The Thai government tolerated the operations of these trafficking groups because they provided a buffer against Communist encroachments. However, within the past few years, publicity detailing the intent of SUA trafficking operations and the location of its headquarters at Ban Hin Taek reflected negatively on the government's commitment to narcotics control. Consequently in January 1982 the Thai Army moved against the SUA headquarters at Ban Hin Taek in an US supported effort to drive the SUA out of Thailand and curb narcotics trafficking in the region. [REDACTED]

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Military operations against the Shan United Army (SUA) continued throughout 1982. After the attack against Ban Hin Taek, the SUA fled into Burma but returned to Thailand within a few weeks, building a new headquarters only some 4 to 5 kilometers away from Ban Hin Taek. The rapidity with which the SUA attempted to reestablish itself inside Thailand apparently convinced Thai authorities of the need to regain control of its northern border. The Thai responded with a second military action in May which dislodged the SUA from Thailand. Although SUA families and dependents were allowed to remain in Thailand continued Thai Army presence in the border area has kept the SUA from infiltrating back across the border. Other military actions during the year were:

- pushed the SUA farther into Burma and inhibited its ability to operate freely in the border area.
- forced the SUA to relocate to Doi Lang when special Thai military units when Tahan Praphan irregulars shut down the Lao Lo Chai refinery complex.
- interdicted long-established routes for narcotics and chemicals, destroyed a number of refineries and forced other refineries to close thus disrupting at least temporarily, narcotics production.
- destroyed major chemical storage sites inside Burma causing the loss of 780 kg of acetic anhydride, the principal chemical for making heroin. The amount destroyed in one operation was roughly equivalent to a year's supply for an average refinery. [REDACTED]

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With the SUA and narcotics refineries inside Burma, the Thai government has redirected its efforts to other narcotics traffickers in the border area who were forced out of Doi Lang after the SUA takeover. For example, during a January 1983 military operation against the Muang Na area three traffickers from the Third CIF, were captured, documenting CIF involvement in narcotics trafficking along the border. In the past the CIF had been careful in masking its narcotics activities in order to avoid the attention of the Thai government. The CIF conducts

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most of its narcotics trading out of Chinese resettlement villages in Thailand's Piang Luang area. [REDACTED]

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Effects of Thai Actions

Thai military operations have pushed the SUA from Thailand and have done much to disrupt SUA trafficking and refinery operations. However, the flow of raw opium to the Thai-Burma border refineries and the flow of heroin out of the border area has not been permanently affected.

- ° Most of the fighting occurred away from key poppy growing areas. This military operations did not upset opium production in 1982 and probably had little impact on the 1983 crop. [REDACTED]

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- ° Heroin refineries are mobile and rudimentary. Most of the refineries closed down during military operations last year reportedly relocated deeper inside Burma and are back in operation.
- ° The disruption of SUA operations has allowed other traffickers, primarily the Chinese Irregular Force, to expand their operations. Alliances have been formed between the smaller trafficking groups and independents to assure access to opium supplies and security of smuggling routes. These groups were able to drawdown large stocks of refined narcotics still readily available in the border area as well as use current narcotics production to meet demand.
- ° According to US Embassy reporting, enforcement activities against chemical suppliers in Bangkok and against major receiving points along the border created a shortage of chemicals at border refineries during early 1982. The shortage and concomitant rise in chemical prices forced traffickers to seek alternative sources. [REDACTED]
[REDACTED] chemicals from dealers in India as well as China are now readily available in northern Burmese cities for shipment to border refineries.

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- ° Thai antinarcotics actions have disrupted long-established smuggling routes through Thailand. However, military operations probably did not seriously upset the export of narcotics from the border area in 1982. The use of alternative routes has kept opiates readily available throughout Southeast Asia. During the past year, according to US Embassy sources, narcotics have been increasingly routed through western Burma into Bangladesh and India to satisfy local markets and for reshipment to

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the west. [] cites the use of Guangzhou Province, China for shipping Southeast Asian heroin destined for Hong Kong.

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- ° Military pressure against heroin refineries along the Thai-Burma border has apparently caused some shift in heroin processing to laboratories along the South Thailand/Malaysia border. []

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[] shipments of narcotics by sea from coves and offshore islands along the Thai and Burmese peninsula to the Adaman Sea and the Gulf of Thailand are increasing. According to DEA sources, increased seizures of narcotics and the destruction of a heroin refinery by the Malaysian police also points to a rise in narcotics activity in the area. []

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Emerging Problems to Narcotics Control

The military crackdown on the SUA has increased the involvement in narcotics trafficking of the Burmese Communist Party (BCP) which could prove to be a more formidable opponent for both the Thai and the Burmese. The BCP has an estimated armed strength of 10,000 to 12,000 men with a 30,000 man militia. The BCP controls large areas of Burma, particularly in the northeastern Shan State, a major center of opium poppy cultivation. Narcotics trafficking by BCP elements prior to 1978 appears to have been the work of individuals without explicit approval by the party leadership. However, in 1978 and 1979, the BCP appeared to have resorted to party sponsored and centrally directed cultivation and trading in opium--including association with the SUA. During 1982, [] the BCP moved directly into heroin processing and trafficking as chemicals became available through China and India. []

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Another problem threatening narcotics control in the future is the possible emergence of Laos as a major supplier of narcotics. SUA overtures to Laotian traffickers have frequently been reported by US Embassy sources during the past year. Although no refineries are located on the Laotian side of the border to date, the ease with which narcotics can be smuggled into Thailand at almost any point along the Mekong River indicates a strong potential for becoming a significant trafficking center in the future. []

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Outlook

Thai antinarcotics efforts so far have done much to disrupt SUA narcotics operations but have had only limited success in disrupting the overall traffic in narcotics. The basic capabilities of the traffickers in the border area for supplying large quantities of heroin and other opiates remain unimpaired.

- ° Raw opium is produced in amounts well in excess of local consumption

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- ° The equipment and processing skills required for production of narcotics are readily available
- ° Sizeable stocks of narcotics apparently have been built up
- ° A functioning distribution network with attendant linkages to financial centers and the criminal element to the major cities and ports in Southeast Asia still exists.

The Thai government will likely continue the push to secure its northern borders. However, faced with competing economic, political, and security demands, it is unlikely that the Government of Thailand will bring to bear in the near future the resources necessary to control the narcotics trade. [REDACTED]

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The Shan United Army is ostensibly an ethnic insurgent army organized to fight for a Shan tribal homeland. In reality it is a private army of brigands and narcotics traffickers under the leadership of a Chinese warlord from Yunan, Chang Chi-Fu. With the spillover of the Chinese Cultural Revolution into Burma in 1963, Burmese Communist insurgents, supported by Beijing, opened up a new front in the northeastern Shan State. Underarmed and pressed for manpower, the Burmese Government turned to Chang Chi-Fu, alias Khun Sa, leader of what was then the Loi Maw Force, along with similar "private armies" and deputized the groups as homeguard militias, Ka Kwei Yei (KKY) in Burmese.

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In return for fighting Communist insurgents, these groups were given virtual carte blanche to engage in opium trafficking and other illicit commerce in order to sustain their counterinsurgency activities. Much of Chang's KKY troop strength was drawn from the mountain tribes that inhabit the area and from remnants of the Kuomintang Army (KMT), which had been operating in Burma since it was driven out of Yunan by the Chinese Revolution in 1949.

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By 1973 Rangoon felt that it had checked the Burmese Communist Party's expansion in the area, but was increasingly concerned with the growth and general lawlessness of the KKY. In that year Rangoon withdrew Chang Chi-Fu's patent and arrested Chang from maintaining an underground army. Chang was released from prison in 1974 in exchange for two Soviet doctors his followers had kidnapped, and he immediately set about rebuilding his forces. The SUA eliminated several small rival groups in the narcotics trade and came to dominate it in the Golden Triangle.

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A large area of northern Chiang Rai Province, Thailand, became a virtual fiefdom of the SUA. Villagers in the area carried SUA identity cards and the organization exacted tribute--opium or money--from independent narcotics traffickers who operated in or transited the area. By 1981 the Shan United Army had a troop strength of 3,000 to 5,000 men and controlled more than 70 percent of the narcotics trade in the Golden Triangle.

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Chinese Irregular Forces

The Chinese Irregular Forces (CIF), so-called because of their counterinsurgency operations in Thailand, are remnants of the Old Chinese Nationalist 93rd Division that retreated into the border area in 1949-50. They have no discernible political goals but in the tradition of Chinese warlord armies have sought to develop zones in the area that are autonomous from either Rangoon or Bangkok. They are deeply involved in opium trafficking and narcotics refining in addition to a wide range of other illicit economic activity. In the early 70s this group was the single most important opium trafficking organization in the tri-border area. Operating from bases immediately across the border inside Thailand, CIF armed units once controlled almost all of the smuggling routes into North Thailand. [REDACTED]

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The CIF are comprised of two separate groups. The 3rd Chinese Irregular Force is commanded by General Li Wen-Luan, who maintains an approximate 1,500 man headquarters force inside Thailand at Tham Ngop. The 5th Chinese Irregular Force of approximately 1,000 men is headquartered at Mae Sa Long, Thailand. [REDACTED]

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In 1970 the Thai Government asked the CIF to join the fight against the Thai Communist insurgents in return for settlement rights and Thai citizenship. In return the Thai agreed to turn a blind eye to the CIF's smuggling activities. In 1972 the Thai Government rescinded this policy and ordered the end of narcotics trafficking by the CIF. General Li Wen-Luan has attempted to convince the Thai government that he is out of the narcotics business but is still heavily involved in the trade. [REDACTED]

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Over the past few years, the 3rd CIF have formed alliances with smaller trafficking groups in support of its narcotics transport and refining activities. One of which is the Shan United Revolutionary Army (SURA). General Li has supplied this group with food and equipment as well as military supplies. Gradually leaders of the SURA became subordinate to General Li. The SURA increasing involvement in narcotics trafficking has lessened its political activities and appears to have lessened its emphasis on Shan State Independence. [REDACTED]

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